

**01-100****PURPOSE**

The purpose of this Handbook is to provide a clear understanding of the responsibilities and performance expectations for staff assigned to the Welfare Fraud Prevention & Investigations. This Handbook also provides uniform procedures for investigative staff assigned to the Welfare Fraud Prevention & Investigations Section.

The Handbook is the property of Los Angeles County. The employee may retain the Handbook as long as he/she is assigned to the Welfare Fraud Prevention & Investigations Section. However, the Handbook shall remain the property of the Welfare Fraud Prevention & Investigations Section if the employee leaves County employment or transfers to another section.

The Handbook is to be filed in the Investigations binder. Revisions and additions will be released in Manual Letter form. Each Handbook holder will receive a copy of all new or revised material to be filed in the Investigation binder.

Staff assigned to the Welfare Fraud Prevention & Investigations Section is required to follow the policies and procedures outlined in this Handbook except as otherwise instructed by the Director of the Welfare Fraud Prevention & Investigations Section or by a Deputy Director.

**02-100 DEFINITION OF FRAUD**

A fraud overpayment is any amount of any aid payment an AU received, because the applicant or participant knowingly, and with intent to deceive or defraud, made a false statement or representation; or failed to disclose a fact which, if disclosed, could have resulted in the denial, reduction or discontinuance of benefits; or accepted benefits knowing, he/she is not entitled thereto, or accepted any amount of benefits knowing it is greater than the amount to which he/she is entitled; or for the purpose of obtaining, continuing, or avoiding a reduction or denial of benefits, made statements which he/she did not know to be true with reckless disregard for the truth.

The county is responsible for determining whether the recipient received aid in "good faith." The determination of "good faith" receipt of aid shall be based on a preponderance of evidence establishing that the recipient believed himself/herself to be eligible to the aid received. The county shall consider information in the case record and all other available information, including an interview with the recipient if he/she is available and willing to cooperate. The determination of "good faith" receipt of aid shall be reasonable, objective, and drawn from all available information.

The county shall not determine that a recipient has received aid in "good faith" in cases where the county has informed the recipient of his/her reporting responsibilities and, under the circumstances, the recipient knew of his/her reporting responsibilities and failed to report within his/her competence.

A failure to report occurs when the recipient has made oral or written misstatements in response to oral or written questions from the county or state concerning his/her income, resources or other circumstances which may affect the eligibility or grant; or failed to report changes in income, resources or other circumstances which may affect the amount of the grant; or failed to report receipt of a grant amount which he/she knew represented an erroneous payment.

The following definition of fraud is from Division 20, Chapter 20-003 of the California-DSS-Manual-CFC: Fraud exists when a person, on behalf of himself or others, has:

- .11 Knowingly, and with intent to deceive or defraud, made a false statement or representation to obtain benefits, obtain a continuance or increase of benefits, or avoid a reduction of aid benefits.
- .12 Knowingly, and with intent to defraud, failed to disclose a fact which, if disclosed, could have resulted in the denial, reduction or discontinuance of benefits.
- .13 Accepted benefits knowing, he/she is not entitled thereto, or accepted any amount of benefits knowing it is greater than which he/she is entitled.
- 14 For the purpose of obtaining, continuing, or avoiding a reduction or denial of benefits, made statements which he/she did not know to be true with reckless disregard for the truth.

**02-100      DEFINITION OF FRAUD (continued)**

Note: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code.  
Reference: Sections 10553, 10554, and 10980, Welfare and Institutions Code.

**02-101      ELEMENTS OF FRAUD**

Prior to proving the fraud allegation, the Welfare Fraud Investigator (WFI) must understand the following elements of welfare fraud:

A.      MISREPRESENTATION

Misrepresentation occurred if the participant(s) misrepresented a material fact(s) to the Department of Public Social Services(DPSS).

Example: The participant(s) declared on CA2s/JA2s/CA20s, Statement of Facts or CA7s/CW7s, Monthly Eligibility Report, that he/she was not employed when, in fact, he/she was employed.

B.      INTENT

Intent to defraud the County of Los Angeles existed if the participant(s) stated as true a fact he/she knows to be false or failed to disclose a fact he/she should have reported.

Note:      The participant reported the whereabouts of the absent parent was unknown or failed to report the parent was in the home and had income. The WFI must prove the participant intentionally reported circumstances that were not true to collect aid to which he/she was not entitled.

C.      KNOWLEDGE

The participant(s) had knowledge of his/her responsibility to report true circumstances that affect eligibility and the participant reported facts that were not true or failed to report facts that should have been reported.

Example: The participant was advised of his/her reporting responsibility during an interview with the Eligibility Worker (EW) and indicated he/she understood his/her reporting responsibility by signing the CA2s/JA2s/CA20s, Statement of Facts and CA7s/CW7s. The participant(s) failed to report personal property (bank account) that exceeds the current property limitation.

D.      RELIANCE

The DPSS relied upon the misrepresentation(s) as truth in determining the participant(s) eligibility to public assistance. The WFI must prove that DPSS determined the participant's eligibility for assistance based on the participant(s) statements.

**02-101      ELEMENTS OF FRAUD (continued)****E.      OVERPAYMENT/OVERISSUANCE**

An overpayment/overissuance of benefits was received by the participant. The WFI must prove that the person(s) who made the misrepresentations received the benefits for which there was only partial or no entitlement.

**03-100 RECEIPT OF CENTRAL FRAUD FOLDER (CFF)**

The WFI receives the Central Fraud Folder (CFF) containing the allegation of welfare fraud. LEADER and/or WCMIS printouts, FACTS Input Document "FID" (PA 933), Record of Investigative Activity, PA 334, and other documents may be attached to the referral. Upon receipt of the CFF, the WFI shall:

A. Document the Central Fraud Folder (CFF) as follows:

1. Update the information on front of CFF folder (PA 7).
2. Document the date the CFF was received on the Record of Investigative Activity (PA 334).

NOTE: The PA 334 is always filed and maintained on the left side of the CFF.

## **04-100 PRE-INVESTIGATIVE ACTIVITIES**

The WFI shall complete the following pre-investigative activities:

- A. Review the CFF to determine the source of the referral, (IEVS, CFRL/We Tip, etc.).
- B. Review the transcript of the call to the Central Fraud Referral Line (CFRL) or We Tip narrative to determine the allegation(s) of welfare fraud continued in the referral.
- C. Identify the type of allegation(s). Referrals for investigation of welfare fraud can be separated by the following allegations:
  - 1. Unreported Income
  - 2. Household Composition
  - 3. Unreported Assets or Property
  - 4. Other
- D. Summarizes the allegation(s) on the Record of Investigative Activity, PA 334.

**05-100 DEVELOPS AN INVESTIGATION PLAN**

After the WFI has determined the type of allegation(s) contained in the referral, the WFI must develop an Investigation Plan to identify all activities required to complete a thorough investigation of the allegation(s) contained in the referral within 6 months of receipt of the referral. The WFI shall document the Investigation Plan on the Record of Investigative Activity, PA 334. The Investigation plan must include, but is not limited to the following:

- A. Location of all segments of the Welfare Case Record.
- B. List of documents to be requested.
- C. List of telephone contacts to be made.
- D. List of field investigations to be conducted.
- E. List of witnesses to be interviewed.
- F. Estimated due dates for the tasks required to complete the investigation.
- G. If evidence of an additional allegation or a subsequent referral is received while the original referral is under investigation, the WFI shall:
  - 1. Thoroughly document the new allegations on the Record of Investigative Activity (PA 334).
  - 2. Change or add additional activities to the Investigation Plan, as needed for the new allegation.

**06-100      REVIEWS CASE RECORD**

The WFI must review both the LEADER Case Record and all segments of the Historical (paper) Case Record as part of the investigation.

**06-101      REVIEWS LEADER CASE RECORD**

The WFI must review the LEADER case to determine the following:

- A.      Fraud Subsystem, Fraud Referral screen:
  - 1.      Referral is correctly assigned to the WFI's file number.
  - 2.      Identify previous fraud referral(s), the status of previous investigation(s) and the location of the CFF(s).
- B.      Status of Welfare Case (open or closed, managed by legacy).
- C.      Date case was approved and/or terminated.
- D.      Case carrying District and EW file number for an open case.



**07-100 REQUESTS DPSS CASE RECORDS**

The WFI shall initiate the following as appropriate:

- A. Request Historical (Paper) Welfare Case Record from File Keepers, Inc. (FKI).
1. Completes an original and one copy of the PA 2241, Request to Borrow a Closed Case from FKI.
  2. Submits the original PA 2241 to the Unit Clerk to be forwarded to the FKI/Suspense Supervisor.
  3. Files a copy of the PA 2241 on the right side of the CFF.
  4. Returns the case to FKI at the time the investigation is closed.
  5. If the case record has not been received from FKI within 30 days of the request, the WFI shall review the FKI manifest for the case record status and complete the following:
    - a. If the manifest does not reference the case, requests the case again from FKI using the PA 2241.
    - b. Copies the manifest if the case record is listed as "undeliverable". An "Undeliverable" entry on the manifest will show one of the following messages:
      - "Case Not On File"
      - The FKI computer does not indicate that the case record was transferred to FKI from the district.
      - "Out to D.O." - The case record was at FKI but was previously requested and transferred to a district (includes WFP&I). The district location and date requested is shown.
      - "OK" - The case record is on the FKI computer but FKI has not completed searching for it.
      - "Retrieval Already in Process"
      - FKI computer indicates the case record has already been requested and the district location and date are shown.
      - The WFI initiates a second request to FKI, if the message is "Receipt in Progress".

**07-100 REQUESTS DPSS CASE RECORDS (continued)**

- “Missing” or “Not Found” - FKI computer records indicate the case record is at FKI but it cannot be located.
- c. Files copy of the manifest on the right side of the CFF.
- d. WFI is restricted to requesting only 10 cases from FKI per week.
- 6. Takes the following actions:
  - a. If the case record is not referenced on the FKI manifest, initiates a second request, using the PA 2241.
  - b. If the manifest message indicates the case record is “Out to D.O.” or “Retrieval Already in Process” the WFI reviews LEADER/WCMIS records again and completes the following as appropriate:
    - Requests the case from the district for review if:
    - WCMIS/LEADER shows the case has been reopened or;
    - assumes the case record has been borrowed by a district, if WCMIS/LEADER continues to show the case record at FKI.
- 7. Discusses the investigation with the SWFI if the case record has not been located 30 days after the second request or it appears that an emergency request may be required.

NOTE: An emergency request is identified as a case needed for a hearing in Criminal Court or for a State Hearing.

- B. Requests Central Fraud Folder (CFF) from previous investigation(s).
- C. Requests CFF(s) from WFP&I’s suspense for investigation(s) completed within three (3) months or less.
- D. WFP&I 303, Request to Review District Case Record.

**08-100     REVIEWS DPSS CASE RECORD(S)**

The WFI shall review the following:

- A. Case Records received from FKI
- B. CFF received from FKI or WFP&I suspense for previous investigation(s).
- C. Paper Case Record in District office as necessary.
- D. WFI must review for and document the following on the PA 334:
  - 1. Reported household composition, including non-aided and/or unrelated persons.
    - a. Birth Certificates on file, including name of both parents
    - b. Social Security card on file for all aided persons
      - Compare SS card on file with SS# on LEADER
    - c. Driver's License or CA Identification Card number
    - d. Other documents used as identification.
  - 2. Reported Income, both earned and non-earned.
    - a. Type of income
    - b. How often received
    - c. Name of employer
    - d. Name of person/participant who receives the income.
  - 3. Status of Periodic Reports (CA/CW 7s, QR 7) including the date the report was scanned in as received or incomplete.
  - 4. Reported Property, both personal and real
    - a. Account Number(s) for Reported Bank Account(s)
      - Checking
      - Savings
      - Other
    - b. Name and address of bank(s)
    - c. Reported Balance

**08-100      REVIEWS DPSS CASE RECORD(S) (continued)**

- d.      Mortgage statements and property tax statements on file for real property
- 5.      Reported Shelter Costs
  - a.      Name of landlord/owner
  - b.      Amount of rent and utilities
  - c.      Rent and Utility receipts on file
- 6.      License number of all reported vehicles
- 7.      The WFI must photocopy the items listed in #1 through 5 if available.

**09-100****REFERRAL DOES NOT MEET THE DEFINITION OF WELFARE FRAUD**

If during the review of either the LEADER and/or Historical (paper) case records, the WFI determines that the referral does not meet the definition of welfare fraud, the WFI shall terminate the investigation with negative fraud findings. Evidence that indicates the referral does not meet the definition of welfare fraud may include:

- A. Documentation/evidence that the Participant reported the information alleged in the referral.
- B. Documentation that the District received the information from a third party but failed to take appropriate action.